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**Date:** Oct 23, 2018 at 3:16 PM  
**Subject:** Zenith Terminals Update

Good afternoon,

I spoke with Nathan Eggers with Zenith Terminals this morning. I called him because I had learned that he had changed the product that they were going to conduct their annual tabletop from the Canadian Tar Sands to Diesel, so I wanted to ask why. He claims that over the next 3 years the facility will primarily be handling diesel and he does not expect any more shipments of the heavy crude oil for some time. He says the diesel will arrive via railcars and mostly go out over truck loading racks. He said that they will also conduct shipments of sweet crude oil with similar properties to Niobrara Crude which they did several years ago, however this has not yet been set up with his customer.

We haven't confirmed a shipment of the Canadian Tar Sands since 6/26/18, so it may be true that they have switched operations. During a call with them on 8/29/18 they still claimed that they were transporting the heavier crude oil, and we planned to conduct a tabletop exercise using one of these crude oils which is confirmed to be a sinker. In that meeting I detailed several drill elements that I thought would be important to practice with sinking oils. I was also requiring them to work with Chevron, who owns the dock that conducts the transfers and work with their contractors who they had not informed of the more toxic than normal properties of the Canadian Crude. I asked them to have planning meetings once a month, and emailed them several times to try to set up the planning meetings over the last 2 months. Then I learned on Tuesday they had switched the drill scenario to diesel fuel and this was the final planning meeting.

In their plan Zenith has only 3 tanks which indicate they list the contents as diesel; Tanks 161, 164 and 165. All three tanks were last inspected in 2004, and 164 & 165 are listed as "Not in use." The volumes for the tanks range from just 19,908 gallons (tank 161) and 29,568 gallons for the other two "not in use tanks. These are some of the very smallest tanks on the property. This info can be found in Appx C of their plan. For volume reference, one standard CPC-1232 rail tank car holds 28,371 gallons.

To me it does not necessarily make sense that Zenith, who is known as

one of the few terminals in Oregon to handle heavier oils would switch their primary operations to diesel fuel, especially when their dedicated diesel tanks are some of their smallest. However it may also be possible that they have re-purposed some of their other larger tanks to store diesel. I will continue to press them for more information when I can.

-Scott